

SENATE BILL 2372

By Campbell

AN ACT to amend Tennessee Code Annotated, Title 5; Title 6; Title 7; Title 9; Title 54; Title 55 and Title 67, relative to revenue.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 1, is amended by adding the following language as a new section:

(a) This section is known and may be cited as the "Transportation Services District Act."

(b) As used in this section:

(1) "Commissioner" means the commissioner of finance and administration;

(2) "Department" means the department of finance and administration;

(3) "Eligible county" means a county within a transportation services district that is engaged in the financing, planning, development, implementation, operation, or maintenance of any transportation services, facilities, or systems provided wholly or partly within the county; and

(4) "Transportation services district" means an area in which existing or future transportation services, facilities, or systems are or will be provided, and which boundaries of the area consist of a county having a metropolitan form of government and having a population of more than five hundred thousand (500,000) and contiguous counties having the following populations, according to the 2020 federal census or any subsequent federal census:

not less than:

nor more than:

41,000	41,100
54,300	54,400
72,800	72,900
147,700	147,800
196,200	196,300
220,000	220,100
247,700	247,800
341,400	341,500

(c) In a fiscal year, if the total state sales and use tax revenue derived from within the boundaries of a transportation services district exceeds the state sales and use tax revenue estimate budgeted for that fiscal year from within the district, then the amount of the surplus revenue must be apportioned and distributed to an eligible county, upon approval of an application pursuant to this section, in an amount equal to that portion of the surplus revenue derived from the sale of goods, products, and services within that eligible county.

(d) To receive an allocation of state sales and use tax revenue under this section, an eligible county shall submit a completed application to the commissioner together with an application fee in an amount established by the department. The application must be developed by the department, and must include the following information:

- (1) A description of the financing for the transportation services, facilities, or systems to be provided wholly or partly within the county;
- (2) The estimated or actual development and construction costs of the transportation services, facilities, or systems to be provided wholly or partly within the county;

(3) A certification from the county that it complies with the criteria required to be eligible;

(4) A resolution from the governing body of the eligible county requesting approval of the application and acknowledging that the surplus revenue will be applied as payments on the indebtedness related to financing the transportation services, facilities, or systems;

(5) An affidavit, on a form provided by the department, signed by the applicant certifying that the proposed financing, planning, development, implementation, operation, or maintenance of the transportation services, facilities, or systems cannot proceed or be completed without the availability of financing under this section along with supporting documentation establishing the need for and the amount of the financing; and

(6) Such financial and other information as may be necessary for the commissioner to evaluate the application.

(e) Action shall not be taken with respect to an application until the commissioner determines that the commissioner has received all information that may be relevant or necessary in determining the qualifications of the applicant.

(f) In evaluating the information submitted with the application, the commissioner may consider normal underwriting criteria such as debt capacity, ability to repay, equity and other capital at risk for the project, and the proposed terms of the contemplated indebtedness.

(g) The tax revenue allocation available pursuant to this section applies to eligible counties that have filed an application with the commissioner and have received the approval of the commissioner.

(h) The amount of surplus revenue distributed must be for the exclusive use of the eligible county and must be used solely for the purpose of paying the indebtedness, principal and interest, and closing costs incurred by the county in the financing, planning, development, implementation, operation, or maintenance of the transportation services, facilities, or systems in the county. The period for the distribution is twenty (20) years. The distribution ceases upon the expiration of the twenty-year period or upon satisfaction of the financing of the transportation services, facilities, or systems, whichever occurs first. Following the expiration of the twenty-year period, all amounts that would have otherwise been distributed to the eligible county must be allocated as provided elsewhere without regard to this section.

(i) Notwithstanding this section, any portion of the revenue derived from the increase in the rate of sales and use tax allocated to educational purposes pursuant to chapter 529, § 9 of the Public Acts of 1992, and any portion of the revenue derived from the increase in the rate of sales and use tax from six percent (6%) to seven percent (7%) contained in chapter 856, § 4 of the Public Acts of 2002, shall not be distributed to the eligible county for the financing contemplated in this section. The revenue must continue to be allocated as provided in chapter 529 of the Public Acts of 1992, and chapter 856 of the Public Acts of 2002, respectively.

(j) The apportionment and distribution of state sales and use taxes to the eligible county as provided in this section commences at the beginning of the fiscal year after the approval of the application. The apportionment and payment must be made by the department of revenue to the county within ninety (90) days of the end of each fiscal year for which the county is entitled to receive an allocation and payment pursuant to this chapter.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.